

November 18, 2008

Mr. Jim Ward
Washington Utilities and
Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

RECEIVED
ACCOUNTS MANAGER
2008 NOV 26 AM 8:05
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Southgate Water Systems, Inc.

Dear Mr. Ward:

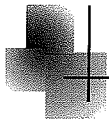
Attached are the items you indicated that would be needed to consider a rate increase for Southgate Water Systems, Inc.

1. Balance Sheet 12-31-06 and 12-31-07.
2. Statement of income for year ended 12-31-07.
3. Water usage by customers by month or quarter for 2007 and 2008 through 9-30-08.
4. Depreciation schedule for 12-31-07 on an income tax basis.
5. Depreciation schedule for 12-31-07 on a straight-line basis.
6. Water revenue by customer for 12 months ended 12-31-07 and 9 months ended 9-30-08.

During 2007, an electrical surge damaged well equipment, which cost \$20,722 to repair.

Mr. Manuel is requesting a rate increase as outlined by changes to the prior metered rate service schedule. While the actual operating results would indicate an increase of more than the amount generated by this revised rate structure would be justified.

Robert E. Marple, CPA / rem@marplecpa.com
Steven J. Marple, CPA / sjm@marplecpa.com
Robert D. Marple, CPA / rdm@marplecpa.com
Kent G. Toyoda, CPA / kgt@marplecpa.com
Rosalie I. Dawe, CPA / rid@marplecpa.com



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We would like the rate changes to take effect as soon as possible.

Please let me know if you have any questions regarding this or need any additional information.

Very truly yours,



Robert E. Marple

REM/tk

Cc: Gerald Manuel
Gary Hall